



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities

Date:  
04/25/2024  
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202429017  
Release Date: 7/19/2024  
UIL Code: 501.03-15,  
501.35-00

Dear \_\_\_\_\_ :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit [www.irs.gov](http://www.irs.gov).

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:

Letter 437

Redacted Letter 4034

Redacted Letter 4038



Department of the Treasury  
Internal Revenue Service

Date: February 20, 2024

Employer ID number

Person to contact

Name:

ID number:

Telephone:

Fax:

**Legend:**

B = Date

C = Date

D = State

E= Website

F = Name

G = Website

H = Name

J= Country

K = Name

M= Region

N= Regions

P = Name

Q = Website

v percent = number

w percent = number

x dollars = Amount

y dollars = Amount

**UIL:**

501.03-15

501.35-00

Dear \_\_\_\_\_ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

**Issues**

Do you qualify for exemption under IRC Section 501(c)(3)? No, for the reasons stated below.

**Facts**

You incorporated as a nonprofit corporation under the laws of D on B. You filed Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, on C.

**Letter 4034 (Rev. 01-2021)**

Catalog Number 47628K

Your Articles of Incorporation state that you are organized to develop, promote, and operate technologies and services to defeat censorship anywhere in the world while promoting vaccination and democratic values like free elections, human rights, the rule of law, free trade, and freedom of speech. Additionally, your Articles of Incorporation provide that “the president appoints and fires directors.” Upon dissolution, your assets shall be distributed for one or more exempt purposes within the meaning of IRC Section 501(c)(3), or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Your Form 1023 also states that you develop, promote, and operate technologies and services to defeat censorship anywhere in the world while promoting vaccination and democratic values like free elections, human rights, the rule of law, free trade, and freedom of speech. You stated that you have developed technology to allow websites banned in several countries to be available without a VPN, by using a secure digital tunnel available on the website Q. You provided no other information about how you will promote vaccination and democratic values like free elections, human rights, the rule of law, free trade, and freedom of speech.

You explained that you will provide a so-far a new, non-existing, service where people can access information from countries that block western websites. This free flow of information will help to advance the causes that you choose to further.

You further stated that you plan to hire management and host services such as F, a very large provider of internet and bare metal server hosting services because this is how everybody operates in the high-tech.

When asked to provide more details on your proposed activities, financials, and any relationships, you stated that:

- You write software and \_\_\_\_\_ that are necessary to allow \_\_\_\_\_, without the use of VPNs, which is an older technology that is \_\_\_\_\_ and \_\_\_\_\_. You spend v percent of your time on this activity, and you do not charge for your services.
- You are operated by your president who also works for F who you previously defined as the hosting company.
- The service you provide is continuous.
- The service you provide is a new, non-existing service where people can access information \_\_\_\_\_. The free flow of information helps to advance the causes that you choose to further.

You subsequently stated:

- You are a software developer and a data center operator.
- You have developed new software technology where you access a website with a random domain and, you are tunneled into E, so the user \_\_\_\_\_.
- You provide sort of a side door to any website quickly.
- The \_\_\_\_\_  
Your technology renders these measures ineffective.
- You need to obtain tax-exempt status so you may get financial support from public and government resources.

- You are already providing the service without any financial support, using private donors who prefer to remain anonymous.

You then stated:

- You expect to raise x dollars in the first year, w percent of which is in kind such as server time and internet bandwidth.
- You expect to spend y dollars on research and development and technical support.
- You are using servers belonging to G.
- You have no written agreement with G because your president is also the CIO of G and that due to such direct relationship, it's unusual to sign such a deal.
- Your efforts are similar to H which broadcasts to J from D.
- You further indicate that you are similar to K which is funded by P and reports news and information to the countries of M and N.
- You need to obtain exemption so several donors may fund you immediately.

Finally, you define your technology as unique but not secret and that it creates a side door to any website, a live passage in real time.

#### **Law**

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, in order to be exempt as an organization described in IRC Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

- Limit the purposes of such organization to one or more exempt purposes; and
- Do not expressly empower the organization engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) states that: "An organization is not organized and operated exclusively for one or more of the purposes specified unless it serves a public rather than a private interest. Thus, to meet the requirements, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled directly or indirectly, by such private interests."

Revenue Procedure 2023-5, Section 6.07, 2023-1, I.R.B. 285, provides that exempt status may be recognized in advance of the organization's operations if the proposed activities are described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements for exemption pursuant to the section of the Code under which exemption is claimed.

- (1) A mere restatement of exempt purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement.
- (2) The organization must fully describe all of the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures.
- (3) Where the organization cannot demonstrate to the satisfaction of the Service that it qualifies for exemption pursuant to the section of the Code under which exemption is claimed, the Service will generally issue a proposed adverse determination letter or ruling.

In Harding Hospital, Inc. v. United States, 505 F.2d 1068, 1071 (6th Cir. 1974), the court held that an organization has the burden of proving that it satisfies the requirements of the particular exemption statute. The court noted that whether an organization has satisfied the operational test is a question of fact.

Ohio Disability Association v. Commissioner, T.C. Memo 2009-261 (2009), states denial is justified because responses to requests for additional information failed to supplement the initial application or clarify purposes and activities, and generalizations did not provide sufficient detail to determine that the organization would be operated exclusively for exempt purposes.

#### **Application of law**

You are not operated exclusively for one or more exempt purposes under IRC Section 501(c)(3) as described in Treas. Reg. Section 1.501(c)(3)-1(a)(1) because you fail both the operational and organizational tests.

The purpose in your Articles of Incorporation states you develop, promote, and operate technologies and services to defeat censorship anywhere in the world while promoting vaccination and democratic values like free elections, human rights, the rule of law, free trade, and freedom of speech. Because your Articles of Incorporation do not limit your purposes to exclusively exempt purposes, you fail the organizational test in Section 501(c)(3). See Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i).

An organization may be recognized as tax-exempt prior to beginning operations. However, as stated in Rev. Proc. 2023-5, Section 6.07, 2023-1 I.R.B. 285, the organization must describe its proposed activities in sufficient detail to permit the conclusion that the organization will clearly meet the requirements for exemption pursuant to IRC Section 501(c)(3). Specifically, an organization seeking tax exempt status under Section 501(c)(3) must demonstrate that it is organized and will be operated exclusively for charitable or other exempt purposes with no part of its net earnings inuring to the benefit of any private shareholder or individual. As provided in Harding Hospital, Inc. v. United States, any gaps in the administrative record will be resolved against the applicant. Similarly, in Ohio Disability Association v. Commissioner, the court found that even when additional information was provided, but it contained generalizations and failed to clarify purposes, denial is justified.

You have claimed that you will further educational purposes. However, you have not established that your operations accomplish exclusively educational purposes. You have not provided any specific details on any educational activities. Your Articles of Incorporation only state in very general terms that you will develop, promote, and operate technologies and services to  
and democratic values like free elections, human rights, the rule of law, free trade, and freedom of

speech. You claim that you are like H and K. However, you have not established that you will create any content, nor provide any sort of analysis of information to educate those using your service. You do not appear to create any educational content, nor do you adequately explain how your provision of internet access exclusively furthers an educational purpose. You did not provide sufficient information to establish that your activities exclusively further educational purposes.

Further, you have not demonstrated that your provision of access to \_\_\_\_\_ will further an exempt purpose. You have not established that you will be providing internet access to a charitable class; nor have you demonstrated that providing access to \_\_\_\_\_ will further a charitable or other exempt purpose. When asked how your activities further an exempt purpose, you stated that you provide a so-far a new, non-existing, service where people can

\_\_\_\_\_ . This free flow of information helps to advance the causes that you choose to further. However, you have not clearly articulated what specific causes you will further, and have not established, therefore, that furthering such causes will further exempt purposes. Thus, you don't qualify for exemption under IRC Section 501(c)(3).

Treasury Regulation Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private purpose. To meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests. Your Articles of Incorporation give your president control over your affairs. Your president is also an employee and/or officer of F and G, two for-profit, commercial entities whose services and/or infrastructure you state you will use. You have failed to establish that you are not organized or operated to serve the private interests of F and G.

### **Conclusion**

Based on the facts and information submitted, you are not organized and operated exclusively for exempt purposes described in IRC Section 501(c)(3). You failed to provide sufficient detail to establish that you meet the organizational and operational tests. More specifically, you failed to demonstrate how your activity of providing access to websites that are blocked in certain foreign jurisdictions furthers educational or charitable purposes. Therefore, you fail to qualify for tax exemption under Section 501(c)(3).

### **If you agree**

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

### **If you don't agree**

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

**For an officer, director, trustee, or other official who is authorized to sign for the organization:**  
Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

#### **Where to send your protest**

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service  
EO Determinations Quality Assurance  
Mail Stop 6403  
PO Box 2508  
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street, Mail Stop 6403  
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

#### **Contacting the Taxpayer Advocate Service**

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit [www.taxpayeradvocate.irs.gov](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.



Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements